

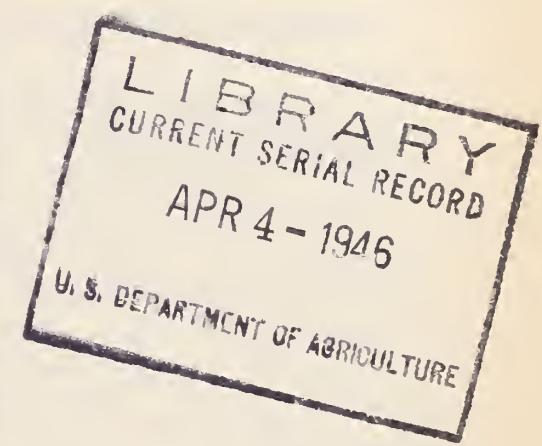
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Marketing Activities



U. S. DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

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Through services provided under the act, the tobacco farmer today can (1) know the grade of his lot of tobacco, and (2) know what that grade is bringing in the prevailing market. With this information, he can tell where he stands on the auction warehouse floor.

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As usual, the annual meeting of the National Association of Marketing Officials produced plenty of interesting discussion.

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Tobacco Inspection Act

Tobacco growers were having their problems, 15 or 20 years ago. Among other things, something needed to be done to set up standards against which tobacco quality might be measured and recognized. Something needed to be done to apply these standards on behalf of the growers at the time of sale. Something needed to be done to see that each grower might have the opportunity to know the current market value of tobacco according to grade. And something needed to be done to help growers prepare their tobacco better for market, because poor preparation was costing some of them plenty.

To help solve these problems the Tobacco Inspection Act of 1935 was passed.^{1/}

Standardization

Today Government-developed tobacco standard grades and standard type classifications are the basis of tobacco inspection, market news, stocks reports, crop estimates, commodity loans, training courses, farm demonstration work, and many other Government tobacco activities. These standards of type and grade are used by certain tobacco cooperative marketing associations as a basis for receiving, packing, selling, and settling with their members. When shown on warehouse receipts issued under the U. S. Warehouse Act the types and grades give bankers and others reliable information about the character and value of the tobacco covered by the receipts offered as collateral for loans. They are used also by tobacco experiment stations in evaluating the effect of different fertilization and culture methods. To some extent the Office of Price Administration has used the official tobacco grades as a basis for establishing ceiling prices.

Twenty-six important commercial types of tobacco are produced in the United States. Of these, official standard grades have been established for 12 types. These cover flue-cured tobacco produced in Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama; fire-cured tobacco produced in Virginia, Kentucky, and Tennessee; burley tobacco produced in Kentucky, Tennessee, Ohio, Indiana, Missouri, Alabama, Virginia, West Virginia, and North Carolina; and dark air-cured tobacco produced in Virginia, Kentucky, Tennessee, and Indiana.

Considerable work has been done in the development of tentative standard grades for 10 other types of tobacco, including Southern Maryland; Pennsylvania seed-leaf; Ohio filler types; cigar binder and scrap chewing types of Wisconsin and Minnesota; and shade-grown cigar wrapper types of Connecticut, Massachusetts, Georgia, and Florida. Some preliminary work has been done with a view to establishing standard grades for

^{1/} Provision for tobacco standards and demonstration was provided also in the Tobacco Stocks and Standards Act of 1929, as amended.

the five remaining types which include Broadleaf and Havana seed tobacco of Massachusetts, Connecticut, New York, and Pennsylvania as well as Puerto Rican filler tobacco.

The Production and Marketing Administration is at work on the development of official or tentative standards for the 14 types of tobacco on which official standards have not been established. Whatever modification is necessary in the official standard grades established for the 12 types is considered at a tobacco standards and research laboratory.

Inspection

Even more so than for most other commodities, it is difficult for farmers to learn and understand the system that buyers use to appraise the grade and quality and to determine the price they will pay for tobacco. Most of the tobacco grown in the United States (about 90 percent) is sold at loose-leaf auction markets. The buyers represent the large tobacco manufacturing companies and leaf dealers, each of which has private grades and grade symbols. These are subject to change. The sale is conducted by warehouse operators, commission men for the growers. Sales are recorded only to the extent necessary for computing the gross sale amount for each grower in settling accounts. The tobacco of any type includes an extraordinary range of qualities, characteristics, and values based on technical considerations.

As a result, the grade designation that the buyer places on a lot of tobacco at the time of sale has little, if any, meaning to most farmers. Yet prices for the various grades on a single day's sale may range from 3 to 50 cents a pound. The rapidity of the sales, the hazards of buyers' snap judgments of quality, and changes in the quality of daylight are such that in many sales growers cannot get prices corresponding to the value of their tobacco on the prevailing market. On top of this, very much tobacco is inefficiently prepared for market.

Hazards

Once again, let's look at the hazards that confront tobacco growers when they sell their tobacco at a public auction market:

- Buyers understand the technical considerations involved in the quality of tobacco for specific uses, but most growers (sellers) do not.
- Because most lots of tobacco are sold very rapidly--at a rate as high as 600 or more an hour--bids are based on snap judgments which often are bad.
- Very often these snap judgments result in bids of prices that are considerably below the current average price paid for tobacco of similar quality.
- In the absence of inspection service, growers have no systematic way to learn what their tobacco is worth.

Avoidable losses to growers from these causes have been estimated conservatively at between 5 and 10 million dollars a year--to say nothing of the losses resulting from faulty preparation of tobacco for market.

That is what the grower is faced with. And that is where the Tobacco Inspection Act comes in.

Among other things, this act provides that the Secretary of Agriculture may:

- Establish standards for tobacco by which its type, grade, size, condition, or other characteristics may be determined.

- Demonstrate these standards.

- Designate certain auction markets for inspection service after determining by referendum that two-thirds of the growers voting favor designation. Any tobacco offered for sale on these designated markets must be inspected and certified without fee by authorized inspectors.

- Collect, publish, and distribute without cost to the grower timely information on the market supply and demand, location, disposition, quality, condition, and market prices for tobacco.

Therefore, because on all auction markets the grower has the privilege of rejecting a sale and calling for a resale, this information service goes to the heart of the principal weaknesses of the auction marketing system. Through the services provided under the act farmers have an opportunity to learn to put their tobacco in better condition for marketing. Then when the tobacco is sold at auction the farmer can look at the Government grade on each lot of his tobacco, look at the price that has been offered for the tobacco, and look at the prevailing price published for each particular grade. If the price offered is significantly below the prevailing price for a particular grade of tobacco, the farmer has a right to reject the sale on that grade and to resell the tobacco later.

For example, take the case of J. A. Singleton, Route 2, Camilla, Ga., who on August 17, 1944, offered 172 pounds of tobacco for sale on the Pelham, Ga., market. The price offered originally was 30 cents a pound. The market quotation for the particular Government grade of tobacco was 41 cents a pound. Next day, on resale of the same lot of tobacco, Mr. Singleton received 41 cents a pound. That meant \$18.92 (or 36.7 percent) more for this weight of tobacco than he was originally offered.

It goes without saying that sometimes farmers reject a sale of tobacco and upon resale of that tobacco receive a price lower than the original offer. But on the average, farmers who take advantage

of this grading and market news service gain substantially. And on the other side of the picture, frequently farmers who use this information will refrain from rejecting a sale when they can see they have received a fair price.

Owing to war lacks, it has been possible thus far to extend inspection and market news service to only 117 auction markets. But today the Tobacco Inspection Act services have spread far beyond that--measured in terms of growers' wishes. Out of a total of 147 auction markets 141 have been designated.

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PRICE SUPPORT FOR OFF-GRADE DRY BEANS

Extension of price supports on 1945-crop dry beans to include Michigan-produced pea, cranberry, and red kidney beans grading No. 3, off-color, as an emergency action designed to avoid further reductions in the supply of beans for civilians, was announced early in November by USDA.

The support price for the pea beans is \$6.35 per hundred pounds, cleaned, bagged, labeled, and with all charges paid f. o. b. cars at country shipping points. The support for the cranberry beans (designated as "other than Western") is \$6 per hundred pounds. For the Michigan-produced No. 3, off-color, red kidney beans the support is \$8 per hundred pounds.

Shippers who pay farmers the support prices will receive payments from the Department amounting to 70 cents per hundred pounds on pea beans, 25 cents per hundred pounds on the cranberry beans, and \$1.85 per hundred pounds on the red kidney beans. These sums are the same as the amounts being paid shippers in connection with the support program on beans grading No. 2 or better.

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LARD SET-ASIDE REDUCED TO $3\frac{1}{2}$ PERCENT

The "set-aside" of lard, required of federally inspected packers in 19 States under WFO 75.3, was decreased by USDA effective November 4 from 4 percent of the live weight of slaughtered hogs to $3\frac{1}{2}$ percent.

The action was taken as a result of the seasonal increase in hog slaughter and the consequent increase in the production of lard, plus the fact that Puerto Rican requirements of this commodity were no longer being obtained through the set-aside but were being supplied from stocks available to U. S. civilians.

States in which the set-aside of lard is required of federally inspected slaughterers are Arizona, Colorado, Idaho, Illinois, Indiana,

Iowa, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Ohio, South Dakota, Wisconsin, and Wyoming.

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DOMESTIC WOOL SALES PRICES REDUCED

Selling prices on 1943, 1944, and 1945 wool owned by the Commodity Credit Corporation were reduced on November 27 as a means of encouraging greater use of domestic wool by U. S. manufacturers.

Under the action, handlers are authorized to sell Government holdings of either shorn or pulled wool at prices set forth in CCC's revised Schedule of Selling Prices, which, for all grades and classes of wool, averages about 7 cents a pound (grease basis) lower than prices under the original schedule.

This action, taken under the Department of Agriculture's wool purchase program, establishes a selling policy designed to permit resumption of sales of domestic wool at prices in line with prices for comparable foreign wool. This policy will permit CCC's inventory of 1943, 1944, and 1945 wool, amounting to about 421 million pounds as of November 1, 1945, to move into domestic channels.

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RESTRICTIONS ON BREWERS' MALT INVENTORIES LIBERALIZED

The amount of malt and malt syrup which brewers may carry in inventory has been doubled by USDA. The action was taken through an amendment to WFO 66, which controls brewers' purchases and usage of malted grain, hops, and rice.

Brewers producing their own malted grain are now restricted to a malted grain inventory of 30 percent, instead of the previous 15 percent, of 1942 usage. Brewers who do not operate malt plants are limited to an inventory of 8,000 bushels or 16 percent of 1942 usage in the production of malt beverages, whichever is greater. Prior to this action the inventory limitation was 4,000 bushels or 8 percent of 1942 usage, whichever was greater. Brewers who do not produce malt syrup are now limited to 20 percent, instead of 10 percent, of 1942 usage in the production of malt beverages.

Liberalization of inventory limitations is made possible because of increases in stocks in the hands of malt producers resulting from reduced requirements for industrial alcohol since the war's end. Although brewers' malt usage quotas under WFO 66 are not increased, the new amendment will allow brewers to approach a more normal malted grain inventory position.

Notes on NAMO Annual Meeting

New services that may soon be expected of State bureaus of markets were the discussion theme of the annual meeting of the National Association of Marketing Officials held on October 30-31 and November 1 at Washington. Questions considered included (1) new work that the State marketing bureaus should anticipate, in view of a probable increase in demand for solution of marketing problems, and (2) future technical developments and their probable effects on marketing.

After an executive session on October 30 attended by J. B. Hutson, Administrator of the Production and Marketing Administration, C. W. Kitchen, Assistant Administrator for regulatory and marketing services work of PMA, and other USDA officials, the regular session opened on October 31 with a panel discussion by Federal Government officials led by R. B. Etheridge, a NAMO member from North Carolina.

Dr. Frederick V. Waugh of the Office of War Mobilization and Reconversion stressed the need for continued cooperation between State and Federal marketing people in both the service type and the action type programs. He suggested the possible development of some sort of marketing council to make policy suggestions to Government.

W. D. Termohlen, Assistant Director of the PMA Poultry Branch, said that State marketing officials could help the Federal Government to administer the egg price support program in the following ways:

1. Train more people in egg standardization and inspection methods so that it will not be necessary to take so many eggs on a current-receipt basis when the time comes to buy.
2. Get much more specific information about egg prices in the various States and localities, and pass this information along to PMA.
3. In advance of the heavy egg-production season, get as much information as possible about the State supply of egg crates and egg storage space.

E. A. Meyer, Director of the PMA Fruit and Vegetable Branch, also emphasized PMA's need for early price, supply, and demand information that State marketing officials might supply. He also expressed the hope that the gains made during the war in the standardization of fruit and vegetable packages might be held.

S. R. Newell, Assistant Director of the PMA Livestock Branch, discussed certain lacks in market facilities and in the proper dissemination of livestock marketing information.

Dr. William C. Ockey, Assistant Director of the PMA Food Distribution Programs Branch, described the branch job of finding for support-purchased

commodities outlets that do not compete with normal outlets and that keep the purchased commodities from going to waste. Types of such outlets are school lunch, abundant foods, and industrial feeding. Dr. Ockey invited suggestions of other possible outlets.

The afternoon panel of discussion by food production and distribution specialists from private industry was led by W. W. Oley, a NAMO member from New Jersey.

Dr. Frank App of Seabrook Farms in New Jersey said that retail buyers want to receive perishable commodities in convenient form--clean and easy to prepare in the kitchen. He pointed out that the packaging of perishables in their final packages as early as possible in their trip from farm to kitchen would cut down costs of transportation, refrigeration, and labor.

James F. Solley, Jr., treasurer of the National League of Wholesale Fresh Fruit and Vegetable Distributors, said that quality has been selling fresh fruits and vegetables and will continue to do so.

Cy Denman of the National Association of Food Chains also emphasized the need for quality products. He cautioned against the assumption that prewar consumption volume was a sure measure of postwar consumption.

Dr. Alfred Van Wagenen of the Northeastern Poultry Producers Council of Trenton, N. J., discussed dairy and poultry marketing trends and needs. Among present trends he cited those (1) toward the marketing of a higher percentage of dressed birds and (2) toward sales by the producer on the basis of the weight and quality after dressing. Needs cited were improved sanitary conditions in poultry-dressing establishments and better information on country-point prices and retail movements.

On the morning of November 1, Dr. Raymond G. Bressler, a NAMO member from Rhode Island, led a panel discussion of future technical developments and their probable effects on marketing.

Dr. Charles W. Hauck, professor of rural economics at Ohio State University, described the merchandising experiment of cooling fresh fruits and vegetables that is now being conducted in certain retail self-service food stores in Columbus, Ohio. Purpose of the project, which is carried on by Ohio State University, by a large retail grocery chain, and others, is to test consumer acceptance of clean, trimmed, prepackaged (in sealed, transparent wrappers) fresh fruits and vegetables cooled to 50° F. in open-at-the-top glass display cabinets.

J. Prescott Blount of United Airlines discussed an air-cargo research program, now about a year and a half old, conducted by Wayne University in cooperation with one of the large airlines and a large retail grocery chain. The experiments were intended to answer these questions: Can air transportation deliver vegetables to a community where that commodity is not available at all? If a commodity arrives by air at a market in a much better state than it could reach that market by means of some other method

of transportation, is the difference in quality going to be enough to justify the difference in transportation cost?

The trend toward prepackaging is going to be aided by air transportation, Mr. Blount predicted, and the prepackaging operation will tend to be performed near the commodity origin point. Federal and State marketing people could well begin considering the development of standards and an inspection certificate with which receivers of the kinds of perishable foods that are feasible for air movement may protect themselves against inferior quality.

W. C. Crow, Director of the Marketing Facilities Branch of PMA, discussed the prospects for growth of the frozen food industry. After cautioning against overoptimism (among fruits and vegetables, where the greatest gains have been made, less than 1 percent of the commodities shipped today are frozen) Mr. Crow pointed out the following distribution advantages of freezing:

1. Waste and trimmings are left at the production point. This makes for reduced costs of storage and transportation.

2. When this waste is concentrated at this point (and not later at various points along the route to the housewife's kitchen) there is enough of it to utilize as a byproduct, and thus cut costs on the main product.

3. Through freezing, it is possible to deliver to the consumer many foods that look and taste as good, and whose nutritional quality is as high, as when they left the field.

4. Repackaged frozen food can be served quickly--a big advantage to the restaurant trade, for example, or to the housewife when unexpected guests arrive.

To take full competitive advantage of this type of preservation, the new industry needs to use grade standards. If these standards are not developed and used, unreliable and poorly equipped processors may flood the market with poor-quality products and prejudice consumers against the products of all frozen food processors. The Department of Agriculture has already prepared tentative standards for most frozen fruits and vegetables.

Despite these advantages, Mr. Crow believes that before frozen foods can reach a mass market the present costs of processing and distributing must be reduced--and reduced relative to any further cost reductions that may occur in the fresh fruit and vegetable industry.

The following cost disadvantages to the frozen food industry were discussed:

1. Organized labor has already indicated strong resistance to the packaging of meats at packing plants in consumer cuts for distribution in frozen form.

2. The frozen food industry cannot grow any faster than the facilities necessary to take care of it. Frozen products must be kept continuously under uniform low temperatures through all stages of storage and distribution (even in consumers' homes if the products are to be held there more than a few hours). This will require a great expansion or adaptation of present refrigeration and transportation facilities and a much wider spread of refrigerated handling equipment in retail stores and homes. Although the technical basis for a great expansion of facilities already exists, there remains the problem of reducing initial costs and operating costs to a suitable level, and it is a question of costs whether freezing will pay at any point on any particular food. Moreover, such an expansion is likely to take some time when it is considered that today mechanical refrigerators, after being on the market 20 years, are still not to be found in 40 percent of U. S. homes.

If frozen food products do make a sizable place for themselves, Mr. Crow asked, what effects will they have on consumption, production, and marketing?

1. More will be eaten of a food that is available all year than when it is available only a part of the year.

2. Consumers can have better year-around diets.

3. Products will be distributed over a wider territory, which will make farmers' outlets larger and prices more stable.

4. Because the method of preservation makes it possible to carry quality to the consumer, premium prices would induce farmers to produce quality products.

5. Such quality characteristics as flavor, appearance, and taste would remain important price factors, whereas keeping quality would become less important.

6. Nearness of the farm to market would count for less. So would a climate that prolongs the growing season of a particular commodity.

There are already indications, Mr. Crow said, that the encroachment of frozen food distribution will provide some healthy competition to stimulate improvements in the distribution of perishables in other forms. Canners and especially fresh market handlers will be forced to devise ways of reducing costs and eliminating wastes. Improvement of market services and the provision of modern, efficient facilities will be spurred.

Whatever the outcome of the competition between the frozen and fresh industries, Mr. Crow concluded, consumers as a result of it stand to get better quality and farmers--especially those who raise quality products--stand to get higher prices.

John Van Arnum, secretary of the National League of Fruit and Vegetable Wholesalers, discussed the outlook for rail and truck transportation. He said that during the next year or two the railroads, with a seriously depleted supply of refrigerator car equipment, will try merely to equal the service they were able to give in the nineteen-thirties. A somewhat more efficient truck-transportation service than that of the thirties is in prospect, Mr. Van Arnum believes.

In the afternoon session of November 1, H. E. Crouch, a NAMO member from New York State, led a discussion of market facilities. Mr. Crouch urged a study of market facilities for major terminal markets. He reported on the status of several markets in New York State and discussed the planned rehabilitation of the Washington Street fresh fruit and vegetable market in New York City.

W. C. Crow, Director of the PMA Marketing Facilities Branch, offered cooperation to the State marketing bureaus. In most States there is no way to form a nonprofit corporation composed of a representative cross-section of agricultural marketing interests and which is eligible to receive public works funds to build modern market facilities. NAMO is working with other organizations to draft a bill suitable as the basis for legislation under which corporations with these powers might be chartered. "People all over the country are getting interested in market facilities," Mr. Crow said, "and they are going to build them--even if they bring no savings in distribution costs. I don't know any group in better position to lead the way toward these facilities than the State marketing bureaus, and there never was a better time for action on it than now."

NAMO officers elected for the coming year are: C. M. White (Maine), President; F. C. Gaylord (Indiana), First Vice President; R. B. Etheridge (North Carolina) Second Vice President; and Fain G. Cesar (Oklahoma), Secretary-Treasurer. Benjamin P. Storrs (Connecticut) was the retiring president.

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SUPPORT PROGRAM ON 1946 FLAXSEED

Returns to growers from the flaxseed crop harvested in 1946 will be supported, by acreage payments or otherwise, at an average level equivalent to \$3.60 a bushel, Minneapolis basis, Secretary of Agriculture Anderson has announced.

Continued large requirements for linseed oil are anticipated in 1946-47 as a consequence of the emphasis being placed on construction and building activity generally during the reconversion period. It is important that this building program not be restricted by inadequate supplies of essential drying oils, of which linseed oil is by far the most important.

The desirability of encouraging a continuation of a large acreage of flax for another year is emphasized by the uncertainties surrounding the volume of imports of flaxseed during the next year or two. During the last 10 years, annual imports have ranged from less than 5 to more than 25 million bushels.

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GRAPFFRUIT JUICE SUBSIDY PROGRAM AMENDED

USDA has adjusted its canned grapefruit juice subsidy offer of June 21, 1945, to reflect more accurately canners' costs of raw fruit on which subsidy payments are based.

This action, effective November 9, 1945, was taken under an amendment to the original subsidy offer to assure all canners of reimbursement on a comparable basis. The original method of computing "seasonal fruit costs" did not reimburse canners who had made sales in civilian channels before November 10, 1944, on a basis which was comparable with the reimbursement received by canners who had not made such sales before that date. This change affects only those canners who made such sales before November 10, 1944.

In computing a canner's seasonal fruit cost, the quantities of grapefruit juice sold in civilian channels each month before November 10, 1944, will be deducted from the respective month's total production. This deduction is in addition to the deductions, provided in the original offer, of sales of juice to Government agencies and for export.

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RYE FUTURES SPECULATION LIMITS REDUCED BY COMMODITY EXCHANGE COMMISSION

Daily trading and net position limits on speculative transactions in rye futures have been reduced from 2,000,000 to 500,000 bushels by the Commodity Exchange Commission under authority of the Commodity Exchange Act. The Commission consists of the Secretary of Agriculture, the Secretary of Commerce, and the Attorney General. The order becomes effective December 3. The reduction of the position limits will not affect market positions acquired in good faith prior to the effective date of the new limits.

The new 500,000-bushel limits apply both to the maximum net long or short position which any person may hold or control in any one rye future or in all rye futures combined on any one contract market and to purchases or sales by any person during one business day. The limits apply to all speculative trading in rye futures on contract markets, including spreading transactions, and not to bona fide hedging transactions.

Poultry and Egg Marketing Research

Much has been accomplished by the poultry and egg industry and by the Department of Agriculture in scientific research, economic analysis, and in the investigation of market practices and market standards and facilities. But if more work of that sort were done it would put dollars in poultry and egg producers' pockets. The purpose of this article is to note briefly a few types of investigation that might usefully be undertaken.

Scientific Research

First, take the field of scientific research. There might be much more study, before oil treating, of the effect of ultraviolet light on the bacterial flora of the shell of eggs. Little research has been done to substantiate the claims that ray-type lights effectively sterilize the shells of eggs.

The various methods of oiling to preserve eggs might well be studied, along with the effect of oiling on loss after storage. This study would include types of spoilage that result from contaminated oil or faulty methods; types of spoilage found at the end of the storage period and bacteria causing this spoilage; and conditioning of egg shell and oil before oiling.

The production and sampling of frozen eggs is a good field of research. Such a project should include an investigation of the quality and bacteriology of eggs as they move through each stage of processing, and changes under various freezing methods. From standard packs of frozen eggs of known quality it would develop organoleptic, physical, chemical, and bacteriological methods of evaluating unknown packs. It might also develop ways of improving methods of obtaining, handling, and analyzing samples of frozen eggs and information on which to base frozen egg standards and grades.

The canning of boned poultry meat and similar products needs further research. No specific methods are available for evaluating the quality of these products. Very little is known about the best proportion of meat, broth, and skin in canned poultry, and there is no way to measure tenderness, texture, flavor, and general quality from which limits for standards and grades may be developed. Also, we lack recognized standard formulas for chicken a la king, chicken with noodles, and other foods of which chicken is the characteristic ingredient.

Finally, work on electronic and optical methods of evaluating the quality of shell eggs might be productive.

Economic Analysis

Further economic analysis of poultry and egg marketing is also needed. One such development is the area marketing surveys to determine the feas-

ibility of the so-called 30 or 300 plan. Under this plan, the expansion of commercial egg production around large cities would be promoted, whereas in areas more remote from market the maintenance of small flocks of 30 hens or so--for home use only--would be encouraged. This study would include work on such factors as types of farming, proximity to markets, production methods, and volume.

Many returning veterans no doubt wish to go into the poultry business as a means of livelihood. Work might be done to determine how great an initial investment would be necessary to establish an economic production unit large enough to assure an adequate living. This might include regional studies for demonstrating the initial investment for land, buildings, and equipment for several types of poultry farming.

A detailed, continuous analysis might well be made of the marketing costs involved in each step of the distribution and processing of poultry, eggs, and their products.

Market Practices

Another good field of investigation is poultry and egg marketing practices. There could be a program to determine fully why eggs are lost in storage. Each year about 240 million dozens of shell eggs go into storage for future use. After 6 to 9 months of storage many of them are candled and graded for distribution to consumers, and approximately 10 percent of these are classed as "loss." It is estimated that at least 5 percent of this loss results from improper storage conditions (as from temperatures too high or too low, or varying percentages of relative humidity).

Egg cartons could stand more study. In view of the recent trend in retail marketing toward self-service stores, it has been estimated that in the near future about 75 percent of all retail egg sales will be made in 1-dozen cartons. Some of the large number of such cartons now in use are unsatisfactory. Indicated work is the development of a more efficient and durable type of container and of a master container usable for both shipment and display.

The great improvements in poultry processing in recent years have affected marketing costs and the quality of dressed poultry. There is room for a study to obtain specific information on types and costs of procurement, advantages and costs of feeding before processing, costs of dressing as related to types of operations, methods of dressing in various areas, types of equipment used, methods of cooling, various types of packaging, and market outlets.

Another helpful inquiry would deal with the methods, processes, operations, packaging, and storage of poultry in canned form, and the resulting byproducts.

The evisceration of poultry on the line (as compared in desirability and efficiency with New York dressing and eviscerating later) is another possible subject for investigation. A comparison, aimed at quality improvement, might be made between the evisceration of fresh and frozen poultry.

New uses might be found for dried whole eggs, albumen, yolks and frozen eggs. For example, these products might find use in flour and ice cream mixes.

Improved methods of preserving the quality of shell eggs--as by such processing as oil treating and thermostabilization--might be developed.

Another study might deal with the curing of poultry meat, to determine the stage of curing at which it can best be frozen. The purpose would be to increase efficiency, reduce freezing cost, and improve quality.

Profitable new uses can probably be developed for such byproducts from poultry-dressing, eviscerating, and canning plants as blood, feathers, combs, feet, fat, and certain parts of the viscera.

Market Standards and Facilities

In the field of market standards for eggs and poultry there is much work yet to be done. Already undertaken is a program of Nation-wide egg and poultry quality conservation and uniform identification of products. This program, which has been begun by the U. S. Department of Agriculture in cooperation with State and industry agencies, is aimed at the establishment of a more efficient voluntary marketing program based on uniform standards, grades, and terminology through which conservation and economies in processing and distributing eggs and poultry can be more generally applied.

Simple, uniform quality standards and grades for marketing poultry products might be developed, improved, and refined. This would facilitate the identity of graded eggs and poultry products in a way that distributors and particularly consumers could understand easily and accept.

Specifications and material illustrating a more desirable meat-type chicken might be prepared. The object would be to create an ideal type of meat chicken. It would have a greater percentage of meat as compared with bone. It would have a broader breast, would feather quicker, and mature earlier. It would be the source of economic egg production, of more and better-quality meat, and of better-appearing chicken for greater customer appeal.

Standards and grades might be developed for egg and poultry products such as canned poultry and frozen and dried eggs.

Egg-candling equipment might be standardized by determining the optimum type and intensity of light that passes through the egg. The influence of the amount of light in the candling room also might be determined.

Poultry and egg containers are another suitable field for investigation and improvement. Kinds of containers that might be studied are egg cases (both fiber and wooden), poultry and turkey boxes, barrels, dried and frozen egg containers, egg case flats, fillers, pads, and types of parchment and wax-treated paper for packing poultry.

Various types of processing and packaging equipment might be studied from the standpoint of efficiency and quality conservation.

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USDA SUSPENDS STORAGE LIMITATION ON RESTRICTED COMMODITIES

Under WFO 111, which regulates use of food storage facilities, USDA has suspended indefinitely all provisions restricting cooler storage of cereals, beer, canned condensed milk, canned fish, canned fruits and vegetables, canned cheese, Carter's spread, dried skim milk, dried whole milk, evaporated milk, peanuts in the shell, and sterile canned meats.

Restrictions on nuts in the shell also have been suspended except for those on in-shell nuts in 10 port cities, or within 20 miles of their corporate limits. The cities are: Baltimore, Md.; Jersey City and Newark, N. J.; Los Angeles and San Francisco, Calif.; New York, N. Y.; Norfolk, Va.; Philadelphia, Pa.; Portland, Oreg.; and Seattle, Wash.

All other provisions of the order remain in effect, as well as restrictions on nuts in shells in the 10 port city areas.

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APPLE SET-ASIDE ORDER AMENDED

The apple food order, WFO 143, was amended on November 8 (effective November 10) increasing from 10 to 20 percent the quantity of smaller apples (sizes 175 or 180) that may be substituted in the set-aside of Winesaps. In addition, the amendment authorized a like percentage substitution in the set-aside of Newtowns.

The amendment also extended the set-aside provision for Newtowns to the Wenatchee-Okanogan district and to that portion of the Yakima-Hood River district in the State of Washington. Under the original order, Newtowns were required to be set aside only in the Hood River area.

Under the amendment a handler who sells to a governmental agency a lot of Winesap or Newtown apples of sizes other than those required to be set aside is permitted to receive credit for such sale against the required set-aside quantity of the respective variety.

Cotton Ginning Economics

Over a period of years the U. S. cotton-ginning industry has developed from a small-scale to a larger-scale enterprise that makes use of more efficient equipment for conditioning, cleaning, ginning, and packaging cotton. Yet very little information has been available on how big the physical gin plant and its organization should be if they were to be economical from the standpoint of the farmer, the ginner, and a cotton industry that had begun to realize that it must cut marketing costs or lose business.

Although there are fewer gins in the United States today than two or three decades ago, the present ginning industry (with few exceptions) is designed, in both the size and location of the individual gin, to serve producers who haul seed cotton to the gin in horse-drawn vehicles. As a result, ginning is still a relatively small-scale and on the whole inefficient industry. Recent studies indicate that more than 70 percent of the crop now goes to the gin in motor vehicles. In view of present-day highway and transportation improvements, there is no reason why the size and equipment of a cotton gin should be limited to that adapted to serving a radius of 3 or 4 miles--the typical case today. Moreover, ginning is highly seasonal, most of the year's crop being ginned within a period of a few weeks out of the year. As the industry is now organized, it does not have--and it could not justify economically--the kind of mechanical service required for the best results.

Study Begun in 1944

In 1944 the U. S. Department of Agriculture began a study of the optimum size, organization, and volume of ginning from the standpoint of the cost of providing ginning services, and of the quality of these services in relation to the net returns farmers receive for their cotton. A preliminary economic study of ginning in a selected area of Mississippi was begun during the 1944 fiscal year in cooperation with the Mississippi Agricultural Experiment Station, and was continued in 1945. Although the results have not been fully analyzed, preliminary indications are that ginning services of better quality and lower cost can be provided at the larger and better-equipped gins, particularly when enough cotton is available to utilize the full capacity of the equipment throughout the normal ginning season.

During the 1945 fiscal year the study was extended to a selected area in Oklahoma, in cooperation with the agricultural experiment station of that State. Because the production, harvesting, and ginning situation in the two States varies considerably, the Oklahoma phase of the study is expected to broaden the meaning that can be drawn from the study as a whole. A still further extension of the value of the study might be expected to result if areas in other Cotton Belt States were added to the scope of the study.

It is expected that this study will indicate definitely whether superior-quality ginning service as performed by the better-equipped gins is or is not offset by increased cost of the service. The results should serve to guide cotton growers in their choice of the most economic ginning service and it should guide the ginning industry in developing more efficient establishments.

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DECEMBER SUPPORT PRICES ARE
MAXIMUM FOR 1945 LATE POTATOES

Support prices on 1945 late-crop Irish potatoes will not be increased for the remainder of the marketing season ending next June over the support prices set for December, USDA announced early in November. (These prices, announced May 18, vary from \$2 to \$2.45 per hundred pounds for U.S. No. 1 grade, depending on the area in which they were grown.)

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USDA LIFTS SET-ASIDE ON ATLANTIC SEA HERRING

Canners of Atlantic sea herring (including Maine sardines) will not be required to reserve for governmental use any part of their packs processed after November 10, 1945, USDA has announced. This is provided in amendment 16 to WFO 44. Under provisions of WFO 44, USDA reserved 65 percent of the pack for the period April 1, 1945, through September 29, 1945, and 30 percent of the pack for the period September 30, 1945, through November 10, 1945. None of the set-aside provisions apply to the portion of this class of canned fish processed after November 10.

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WFO 73 TERMINATED

War Food Order 73, which was put in force during the war to facilitate procurement of set-aside and restricted foods by authorized contract schools and Marine hospitals and Maritime academies, was terminated effective October 31.

Originally made effective June 15, 1943, as Food Distribution Regulation 2, the order during its operation provided a priority basis by which schools under contract to feed military personnel, Marine hospitals, and Maritime academies obtained their food requirements. The order provided that purchases of set-aside and restricted (quota-exempt) foods by

these three groups could be made directly from persons required to set aside the food or indirectly through jobbers, wholesalers, or intermediate distributors.

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OIL ORDER TERMINATED

WFO 35, which controlled the processing, distribution, and use of rapeseed oil so as to direct the limited supply into direct war needs, particularly the production of marine engine lubricants, was terminated by USDA on November 1.

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DISTILLERS' GRAIN USE INCREASED FOR DECEMBER

Beverage distillers may use low-grade corn and other grains in December in an amount equal to 10 days' mashing capacity, USDA has announced. In November the allowance was $7\frac{1}{2}$ days.

As in November, no corn grading No. 1, No. 2, or No. 3 may be purchased for the manufacture of beverage spirits. Corn used must grade No. 4, No. 5, or Sample, when purchased. The announcement also restricted the use of rye to one-fourth the average monthly quantities used by each plant during September and October.

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WFO 11 TERMINATED

WFO 11, which prescribed delivery practices and simplified operations involved in the distribution of milk, was terminated by USDA as of November 1.

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NO COTTON MARKETING QUOTAS IN 1946-47

Formal announcement that there will be no cotton marketing quotas and no acreage allotments during the 1946-47 cotton production and marketing season was made by USDA on November 14. The action was taken in accordance with provision of the Agricultural Adjustment Act of 1938, designed to protect both consumers and producers in maintaining adequate supplies of foods and fibers.

ABOUT MARKETING:

The following reports and publications, issued recently, may be obtained upon request. To order, check on this page the publications desired, detach, and mail to the Production and Marketing Administration, U. S. Department of Agriculture, Washington 25, D. C.

Addresses:

Looking Forward With the South, by Clinton P. Anderson, Secretary of Agriculture, at Anderson, S. C. November 14, 1945. 13 pp. (Mimeo-graphed.)

We Must Plan for Plenty, by Clinton P. Anderson, Secretary of Agriculture, at Philadelphia, Pa. November 27, 1945. 14 pp. (Mimeo-graphed.)

Agriculture Looks to the Future, by J. B. Hutson, Under Secretary of Agriculture, at Indianapolis, Ind. November 15, 1945. 12 pp. (Mimeoographed.)

Post-War Readjustment for the Poultry Industry, by Nathan Koenig, Executive Assistant to the Secretary of Agriculture, at Hartford, Conn. November 1, 1945. 8 pp. (Mimeoographed.)

Reports:

The Packaging of American Cotton and Methods for Improvement. Circular 736. July 1945. 62 pp. (Printed.)

Price Spreads Between Farmers and Consumers for Food Products, 1913-44. (Bureau of Agricultural Economics) September 1945. 290 pp. (Printed.)

Soybean Production in War and Peace. (Bureau of Agricultural Economics) September 1945. 41 pp. (Multilithed.)

Vitamin A in Butter. MP 571. (Agricultural Research Administration) July 1945. 14 pp. (Printed.)

Relation of Feed Consumed to Food Products Produced by Fattening Cattle. (Bureau of Agricultural Economics) September 1945. 36 pp. (Printed.)

Tentative U. S. Standards for Grades of Apple Butter. (Effective October 1, 1945) 7 pp. (Mimeoographed.)

U. S. Standards for Grades of Canned Blended Grapefruit Juice and Orange Juice. (Effective November 1, 1945) 8 pp. (Mimeoographed.)

